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by reason of its constituting the sole reserve which merchants and their banks possess—is subject to every influence which governs the transference of bullion from one country to another, and equally subject to demands for gold occasioned by the varying condition of our internal trade. Any important depletion of this stock is termed a "drain."^x

Some of the causes which extract the Bank's gold are periodic in their nature, and occur and recur with approximate regularity of incidence and amount; prediction in these cases is obviously possible, and adequate measures are thus competent of adoption in proper time. Other causes are uncertain, and of an exceptional character where, frequently, accurate foresight is impracticable; every grave malady, however, is heralded by premonitory signs or symptoms by which its full advent' can, to an extent, be foretold, and preparations for its abatement arranged.

In the autumn of each year, about the beginning of October—as an example of a periodic drain—a reduction of the Eeserve is caused by the requirements of the season for capital to be employed in purchasing the products of the harvest, the payment of agricultural wages during the summer, and the money already expended in holidays and travels which has diminished the store of ready cash. [It will be borne in mind that cheques and notes paid, for example, for Continental trips during the summer may pass through many banks and persons before they are finally presented for discharge in cash.] These recurrent drains, though they may produce inconvenience for the time, through temporary reduction of the extent of loanable capital and a consequent rise in the rate of discount, do not possess a permanent effect upon the amount of money available for advances. The wages paid in cash to the labourers, for example, pass to the small shopkeepers for goods; they are then transferred into the keeping of the local bankers; thence are remitted to their banking agents in London; and, finally, after the retention of a proportion for the daily cashing of

¹ **Brain:** originally to draw off or away a liquid gradually, or in small quantities, by means of a conduit: hence the word drain-pipe ; then the word was used to describe the *act* of drawing off; and is now employed figuratively for a constant or gradual withdrawal.